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Proposed programme budget for 2024

Progress on the renovation of the North Building at the Economic Commission for Latin America and the Caribbean in Santiago

Report of the Secretary-General

Summary

The fifth progress report on the seismic mitigation and renovation project of the North Building at the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago provides an update on the project since the previous progress report of the Secretary-General ([A/77/315](#)). The present report includes information on procurement processes, project risk assessment and mitigation measures. In addition, it highlights progress in the implementation of an inclusive project for people with disabilities and consideration of energy efficiency measures to achieve a “net zero” building, following a gender-inclusive, transformative and sustainable construction model.

This report offers a comprehensive account of the tendering process for the main renovation works and outlines the specific actions undertaken using a multistage request for proposals methodology.

As well as confirmation of a completion date by the end of 2024, the present report contains an updated construction cost for the main renovation works based on the awarded best-value-for money contract. The construction contract has been signed, and the main renovation works began in June 2023.

Based on the awarded construction contracts, the cost plan of the project has been updated considering the actual construction costs. The overall maximum cost of the project is now estimated at \$19,172,000 based on an 80 per cent cost confidence level, as compared to \$14,330,200 previously estimated. The higher estimated construction costs are mainly caused by the challenging local and global construction industry environment in a post-pandemic scenario.

* [A/77/150](#).



The General Assembly is requested to take note of the report, approve the revised estimated overall maximum cost of the project of \$19,172,000, approve the continuation of a Procurement Officer (P-3) temporary position for the period from 1 January to 31 December 2024, and to appropriate an amount of \$10,132,700 for 2024.

I. Introduction

1. The present report is the fifth progress report on the implementation of the seismic mitigation and renovation project of the North Building at the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago. It is being submitted pursuant to section X of General Assembly resolution [77/263](#) A and provides an update on the progress made on the project since the issuance of the previous progress report ([A/77/315](#)).

2. The project continues to be implemented in accordance with the approved scope and objectives to renovate the North Building at the Commission, reutilizing the current structure, to attain a code-compliant, safe, functional and efficient office building conducive to a more productive and sustainable working environment, while extending its useful life in the range of 40 to 50 years. The renovation is expected to result in a reduction in the total cost of ownership. It will also help to establish functional, operational and sustainability guidelines for future construction projects at the Commission. In the present report, the project implementation to date is summarized and updates are provided on: (a) activities of the project governance, including the stakeholders committee, the working groups and of coordination with the Global Asset Management Policy Service at United Nations Headquarters; (b) the work of the project management team; (c) project benefits; (d) the risk management analysis; (e) the implementation of the temporary swing space; (f) a detailed analysis of the energy efficiency strategy and components; and (g) the cost plan based upon the outcome of the multistage request for proposals process.

II. Project objectives and benefits

A. Objectives

3. The key project objectives, established at the onset of the project, remain as presented in the previous progress report ([A/77/315](#)) and are in line with the key objectives outlined in the report of the Secretary-General on the Strategic Capital Review ([A/68/733](#)). The project objectives are:

- (a) To meet local and international health and safety codes, including:
 - (i) Chilean seismic code requirements related to preparedness and structural design against potential seismic events;
 - (ii) Fire and life safety planning systems design, incorporating current evacuation standards and air, water and lighting quality criteria to conform to current norms, together with fire suppression, fire alarm and public address systems;
- (b) To replace major building systems that have exceeded their useful life, including mechanical, electrical, low-voltage, plumbing, conveyor and vertical transportation components, in order to bring the North Building (built in 1989) into compliance with code and industry standards and extend its useful life;
- (c) To integrate appropriate design features such as the removal of physical barriers to allow persons with disabilities to freely make use of the working space;
- (d) To implement a sanitary water treatment plant to allow the Commission to clean and reuse 100 per cent of the wastewater from the North Building and minimize residual sanitary waste;
- (e) To move towards an energy-efficient building, specifically by reducing energy and fresh water consumption, the use of non-renewable material resources and

waste generation, and to improve indoor air and lighting quality, fully in line with the Secretariat efforts¹ to mainstream environmental management practices and reduce the environmental footprint of United Nations operations.

(f) To improve space efficiency by maximizing the use of available work areas, conference and meeting rooms according to the needs of the Commission and to introduce a more efficient, productive and inclusive work environment by applying a needs-based approach aimed at providing different types of space tailored to diverse requirements of the work undertaken by the Commission, including different strategic approaches and solutions for each specific area;

(g) To develop an energy efficiency strategy to redirect energy to the ECLAC compound, including by returning surplus energy, if any, to the national grid.

B. Benefits

4. The project benefits set out in the previous progress report remain unchanged. The project aims to provide the Organization with a safe and code-compliant North Building that meets high industry standards. It incorporates energy-efficient strategies, renewable energy generation, and water treatment to reduce greenhouse gas emissions and operating costs. These initiatives are expected to produce a major improvement to the facilities, prolong its useful life and adapt it to new users and working arrangements. The North Building project aims to achieve a “net zero” classification and become a symbol of environmental sustainability in the United Nations and in Latin American and the Caribbean. The project is a landmark in the Commission’s overall building management strategy, which focuses on creating a carbon neutral facility that generates clean energy and implements a holistic approach on water management and waste-water management, aligned with the 2030 Agenda for Sustainable Development and the Sustainable Development Goals.

5. The multistage request for proposals process described in the present report allowed participants to fully understand the project’s scope and conditions, and for ECLAC to obtain the best value for money. Furthermore, the fruitful interaction with the construction ecosystem helped to incorporate values promoted by the Organization into tangible proposals, namely an inclusive, transformative and sustainable construction model as set out in Chapter V, Section F below.

III. Project governance and management

A. Project governance

6. The established overall governance structure for the project remains unchanged. The Executive Secretary of ECLAC is the project owner and is supported by a Project Executive and a dedicated project management team.

Stakeholders committee

7. During the reporting period, the project management team communicated with the stakeholders’ designated focal points on the following: (a) updating the schedule

¹ Action plan for integrating sustainable development practices into Secretariat-wide operations and facilities management (A/72/82) endorsed by paragraph 19 of General Assembly resolution 72/219; Secretary-General’s bulletin on environmental policy for the United Nations Secretariat (ST/SGB/2019/7); Key organizational objectives of the United Nations strategic capital review (A/68/733); and Strategy for sustainability management in the United Nations system, 2020–2030 (CEB/2019/1/Add.1).

and sharing outcomes of the interrelated procurement processes; (b) reporting on the energy efficiency implementation status; (c) reviewing strategies for temporary locations; (d) coordinating logistics aspects for a seamless temporary relocation; (f) reviewing and mitigating the impacts on the operations of the Commission during the construction works; and, (g) sustainability and quality efficiency of the work environment, improvement of infrastructure and work-related features.

8. The stakeholder's committee was informed of the outcome of the multistage request for proposals process and of the next steps towards construction.

Coordination and oversight by the Global Asset Management Policy Service at Headquarters

9. The Global Asset Management Policy Service at United Nations Headquarters actively engaged with the project management team, facilitated meetings, and advised on lessons learned during multistage request for proposals exercises at other entities.

10. The Global Asset Management Policy Service is supported by an international professional firm in providing construction-related, independent risk management services for the project. Regular risk touchpoints are held with the ECLAC project management team and the outcomes are reflected in biannual risk management reports.

Project management

11. The dedicated project management team positions at ECLAC are encumbered as indicated in table 1 below. The table reflects the proposed composition of the team in 2024, which remains unchanged compared with 2023.

12. As mentioned in the previous progress report, in order to facilitate the multistage request for proposals, ECLAC recruited a dedicated Procurement Officer (P-3). As the multistage request for proposals delivered sound results, it is now critical to secure a seamless support of the project delivery through solid contract management. Therefore, it is proposed, as an additional risk-mitigation measure, to extend the Procurement Officer (P-3) position until substantial completion of the project, to provide oversight and ensure adherence to contractual agreements, to recommend amendments and extensions of contracts, and to advise concerned parties on contractual rights and obligations.

13. Recruitment of the P-3 Project Coordinator position within the Global Asset Management Policy Service at Headquarters (25 per cent cost-shared with the United Nations Office at Nairobi A-J office blocks replacement project) has been delayed to limit the cost of the project. However, with construction underway and the increased coordination requirements that come with the construction phase, the Service is currently recruiting against this position.

Table 1
Project management positions – incumbency from project inception

<i>Positions</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023 planned</i>	<i>2024 (planned)</i>
Project Manager (National Professional Officer)	Encumbered since August	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Project Assistant (Local level)	–	Encumbered since January	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Project Assistant (Local level)	–	Encumbered since August	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Procurement Officer (P-3)	–	–	–	–	Encumbered since July	Encumbered	Encumbered
Project Coordinator (P-3) ^a	–	Vacant	Vacant	Vacant	Vacant	Recruitment ongoing	Encumbered

^a The Project Coordinator position was approved by the General Assembly in its resolution [73/279 A](#).

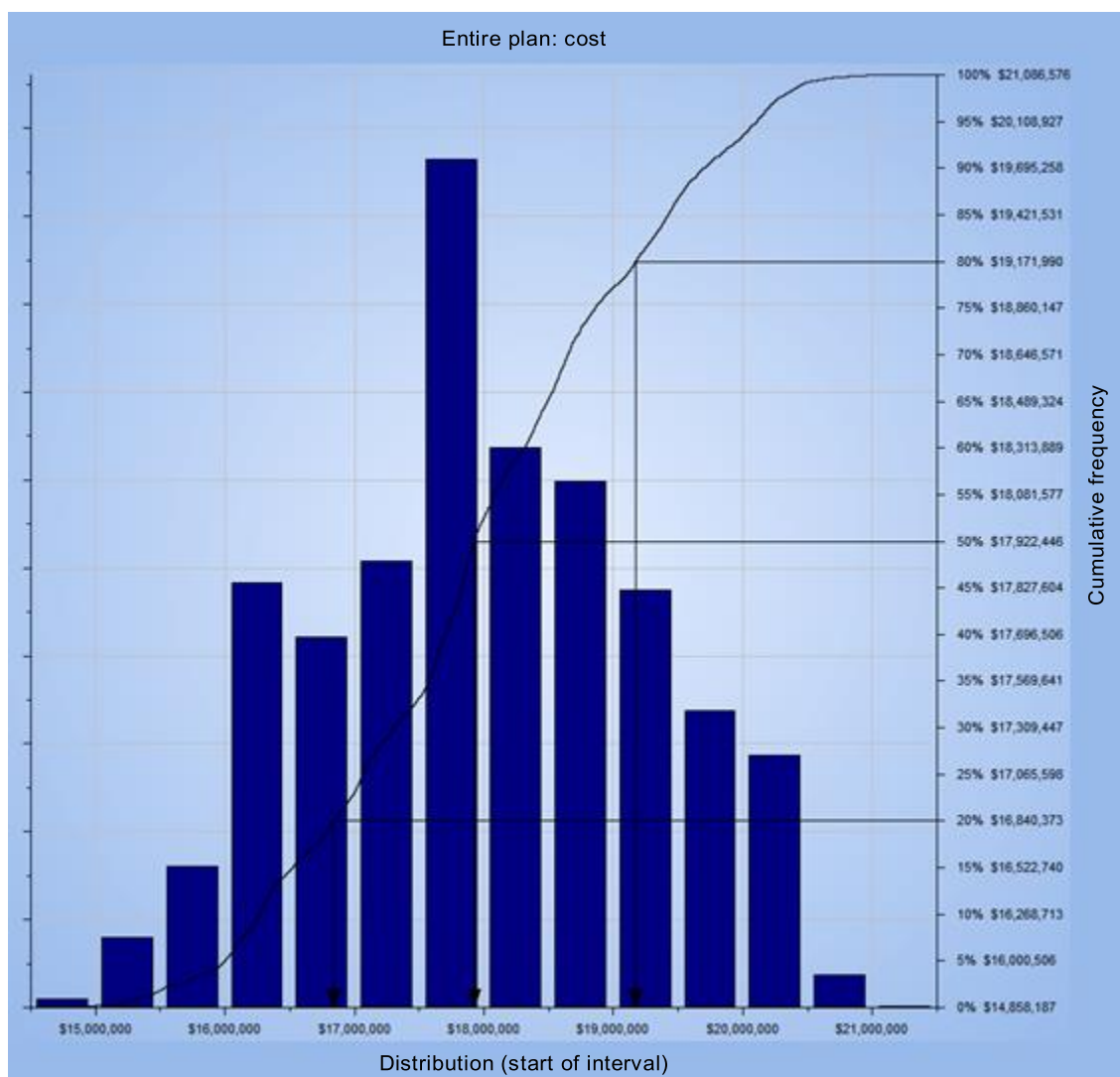
IV. Risk management

A. Independent risk assessment

14. Supported by an independent risk management firm, the Global Asset Management Policy Service has conducted regular risk touchpoints to review the project risk register and has provided guidance on the management of project risks. A total of 10 independent risk-management progress reports were produced since 2017, with the eleventh currently on the way, to continuously support the project owner's decision-making.

15. In June 2023, the independent risk management firm facilitated the fifth Monte Carlo simulation for the Commission's North Building project, which was based on an updated assessment of both existing and newly identified risks, as well as an updated cost plan. The outcome of the simulation is shown in figure I.

Figure I
Cost histogram for analysed risks as at June 2023

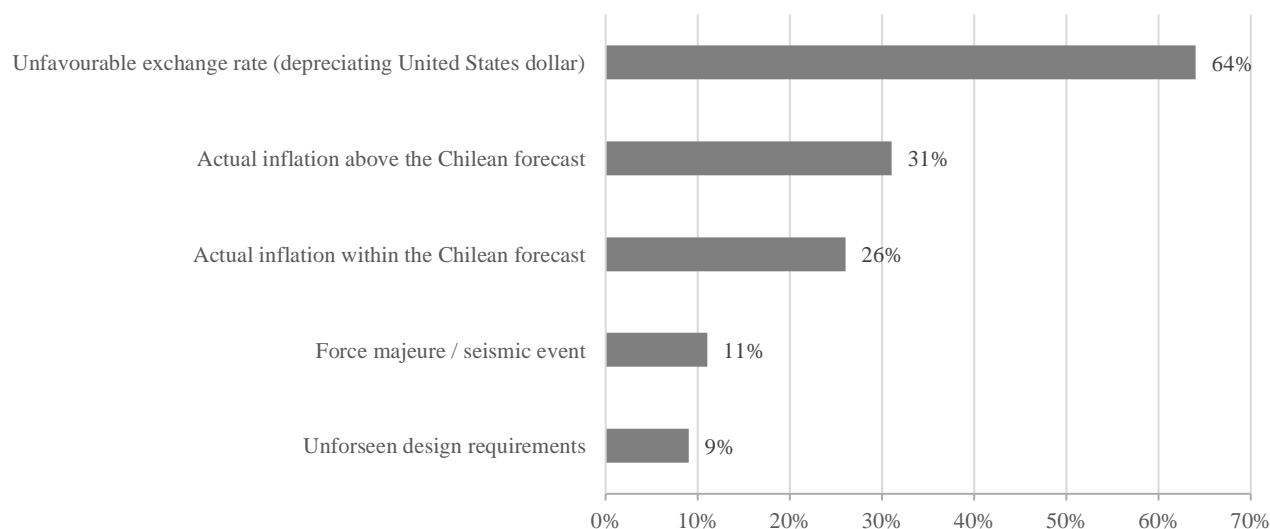


16. The cost histogram (figure I) shows that the approved budget of \$14.3 million will not be able to deliver the North Building project. This is because the Commission's most recent procurement exercise for the provision of construction and renovation works of the North Building at ECLAC in Santiago, led to a contract award that exceeded the initial cost estimate. The available project contingency and escalation budgets are insufficient to cover the total project costs.

17. The cost histogram further shows that a project budget of \$19.2 million is needed to establish the United Nations target cost confidence level of 80 per cent (P80 value), which is \$4.9 million above the currently approved maximum overall cost of the project.

18. The 2023 Monte Carlo simulation also resulted in the updated cost sensitivity analysis depicted in figure II, which shows the five threats that would have the greatest impact on the overall project costs. In figure II, these negative risks are shown in descending order with the most impactful risk shown at the top, based upon statistical correlation.

Figure II
Cost sensitivity as at June 2023



Description of the top five project risks

19. The top five risks identified in the cost sensitivity analysis shown in figure II are explained below in more detail, including a description of the risk response:

(a) **Unfavourable exchange rate of the Chilean peso against the United States dollar.** This new risk is a result of the Commission's main renovation works contract that is to be paid in Chilean pesos, whereas Member States assessed contributions for the project are in United States dollars. An unfavourable exchange rate of the Chilean peso against the United States dollar would reduce the Commission's payment capacity in Chilean pesos. The Secretariat is assessing if there is any possibility of addressing this risk.

(b) **Actual inflation above the Chilean forecast and its impact on the not-to-exceed agreement.** This risk, which is similar to the escalation risk mentioned in previous reports, is new amongst the top 5 risks, and relates to the impact of inflation on the not-to-exceed agreement for the Commission's main renovation works. This risk would be caused by an inflation rate that goes beyond the Chilean forecast and thus would impact the Unidad de Fomento, a Chilean unit of account the Commission applied in the main renovation works contract. If inflation is constantly higher than forecasted, then Commission would be required to release payments per contract based upon adjustments to the Unidad de Fomento that would exceed the not-to-exceed amount. The Commission chose to award a Unidad de Fomento-based contract agreement for the main renovation works as a measure to attract bidders to participate in the multistage request for proposals. This was a lesson the Commission learned after most bidders withdrew from the previous request, that did not consider adjustments to the Unidad de Fomento.

(c) **Actual inflation within the Chilean forecast and its impact on the not-to-exceed agreement.** This is the same risk as described under risk (b), above, with the difference that adjustments to the Unidad de Fomento for progress payment are already covered by the not-to-exceed amount.

(d) **Force majeure or seismic event.** The risk of a seismic event will remain through to the end of the project owing to the uncertainty associated with such events. Historically, the region in which ECLAC is located has experienced a major

earthquake every seven years, which means that there is a chance of an earthquake at some point during the execution of the project. This is an inherent risk to the project that would have a great impact, even though there is a relatively low likelihood of such an event occurring. In the case of a seismic event, there would be an impact on cost, scheduling, logistics and the availability of materials in the region and it would cause other supply chain delays. The mitigation measures being implemented in the current renovation phase are aimed at ensuring that prevailing local seismic codes are respected, preparedness measures are in place, and that insurance policies and contract clauses with the various contractors are in place to reduce the risk. The project management team, ECLAC facilities management team and the ECLAC safety and security staff, in collaboration with the host country, are continually keeping abreast of any developments in this area (see also [A/77/315](#)).

(e) **Unforeseen design requirements.** This is a new risk, and it relates to the technical design that was developed for the North Building. Because the project is a renovation project, there is always a risk of unforeseen site conditions that might appear during construction and require adjustments to the design, which could become costly. Such risks are inherent to construction projects because of their scale and complexity and especially inherent to renovation projects, such as the current project. As a mitigation measure, the ECLAC project team, together with their consultants and through application of building information modelling tools, reviewed the developed design to minimize the chances of any design errors or future change requirements.

Table 2
Top five project risks, 2021–2024

<i>Previous top five risks (A/76/323, para. 17)</i>	<i>Previous top five risks (A/77/315, para. 21)</i>	<i>Current top five risks (A/78/337, para. 19)</i>
Schedule delay (pre-construction phase)	Escalation of construction costs	Unfavourable exchange rate – devaluation of the US Dollar
Owner-directed scope changes	Repairs to existing foundation and basement	Actual inflation above the Chilean forecast and its impact on NTE agreement
Cost increases (availability of materials)	Force majeure or seismic event	Actual inflation within the Chilean forecast and its impact on NTE agreement
Schedule delay (unavailability of materials due to COVID-19)	Solar shading structure	Force majeure or seismic event
Seismic event	Global events	Unforeseen design requirements

B. Integrated risk management

20. The project management team provided feedback to the risk management firm, conducting market research to forecast the impact of construction cost escalations, supply chain issues and inflation scenarios on the budget and schedule. The findings from the research included indicators calculated from public information to quantify the risk of cost overruns. The following findings from January 2019 to December 2022 have been considered:

(a) Construction materials price increase: the index for Construction Materials and Supplies Prices showed significant price increases for materials in the project's scope, such as structural steel (60.4 per cent), ready mixed concrete (89.80 per cent), glazing products (61.73 per cent) and timber (36.44 per cent).

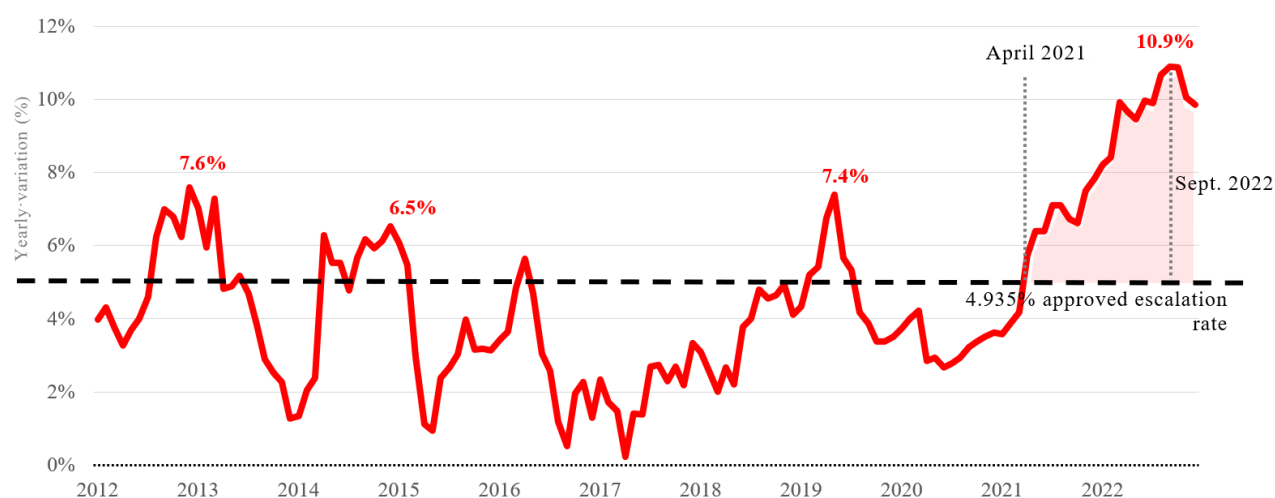
(b) Construction cost index monitoring: the Construction Cost Index and High-Rise Construction Cost Index experienced cumulative increases of 33.98 per cent and 38.13 per cent, respectively, based on monthly indicators.

(c) Consumer price index: costs in local construction contracts are mostly indexed to the consumer price index, which saw an increase of 31.90 per cent during the same period.

(d) Supply chain issues: The reliability index for sea transport dropped from 83 per cent in 2020 to 30 per cent in 2022 but recovered to 56 per cent by the end of 2022. Freight rates increased by 530 per cent from 2019 to 2022.

(e) As mentioned in the report of the Secretary-General on the proposal for the renovation of the North Building ([A/72/367](#)), an escalation rate of 4.935 per cent was applied in the project cost plan at the project's inception, based on average construction costs and annual inflation rates. However, since April 2021, the actual rates have exceeded the estimated escalation rate, reaching a peak of 10.9 per cent annual change in September 2022 during the multistage request for proposals process.

Figure III
Monthly escalation graph over a 10-year period



V. Progress made on the project during the reporting period

A. Cooperation with Member States and the host Government

21. During the reporting period, ECLAC continued its efforts to seek voluntary contributions and cooperation with Member States and the host Government, in particular with regard to technical support and in-kind contributions. The results of those efforts are described below.

B. Status of voluntary contributions

22. In-kind contributions received as technical advice continue being provided to the project, including contributions provided during the retendering phase:

(a) The non-profit organization Mujeres en Construcción, which enhances the visibility and role of women in the construction industry, provided valuable information on good practices for women's active participation in the Commission's construction project, which was incorporated into the technical proposal and the construction contract.

(b) The Construye 2025 programme continues providing technical support for the transition to the construction phase to consistently implement the plan for reusing, recycling or otherwise deriving value from disassembled building components as outlined by the lead consultancy firm.

(c) Representatives from the Chilean Construction Chamber have engaged with the Commission's innovative tendering and construction model, sharing relevant knowledge on local outcomes and implications of inflation in ongoing construction contracts. Indicators publicly provided by the Chamber are considered in the Commission's cost-management exercises and integrated risk management.

(d) "Plan-BIM" provided information regarding state-of-the-art methods for the implementation of building information modelling and on-site building information modelling-related construction management.

C. Procurement activities

1. Multistage request for proposals: provision of the construction and renovation works of the North Building

23. After receiving local procurement authority, an initial tender was issued in 2021 for the main renovation works contract through a conventional request for proposals. The Commission decided to cancel this solicitation as only one proposal was received, and it was above the pre-bid estimate. In March 2022, the Assistant-Secretary-General for Supply Chain Management authorized ECLAC to issue a multistage request for proposals under the condition that a dedicated Procurement Officer (P-3) was appointed and to conduct a pre-qualification exercise through a request for expressions of interest, which ECLAC published through the United Nations Global Marketplace, as well as local and regional markets through chambers of commerce and institutes of architects and engineers.

24. ECLAC also reviewed the previously cancelled request for proposals solicitation to apply any valuable lessons in the pre-qualification request for expressions of interest. A comprehensive advertisement strategy was implemented targeting decision-makers in the construction industry and the request for expressions of interest was also disseminated by strategic partners through digital media. In August 2022, ECLAC organized a project information seminar with numerous participants, including representatives from 16 construction companies from different countries. The feedback received helped enhance the Commission's solicitation documentation.

25. By the closing date of the request for expressions of interest, 18 international and local vendors had expressed interest and provided documentation for the pre-qualification exercise, 17 vendors were assessed and qualified for the multistage request for proposals process.

26. As a result of the efforts by the Commission and active interaction with the bidders during the multistage request for proposals, 10 bidders submitted interim proposals and, of those, 8 submitted final proposals; the bids came from local and international construction firms, including top 100 global construction companies. ECLAC produced methodological guidelines, templates, questions and answers, frequently asked questions, value engineering comparative templates, and other critical and technical documents, which added value to the multistage request for proposals process.

27. At the end of the tender evaluation exercise, a local bidder was found to have provided the most responsive proposal and was awarded the main renovation works contract.

2. Status of complementary procurement processes

28. As indicated in the previous progress report, the Commission has already procured some of the furniture and systems components. An update is provided below:

(a) **Workstations and furniture.** Furniture was purchased in two phases through available system contracts. Phase one, comprising 50 per cent of the required furniture, has already been delivered and installed in temporary swing space locations and will be used in the completed North Building. Phase two of the furniture purchase is scheduled for the second half of 2023.

(b) **Heating, ventilation and air conditioning components.** Heating, ventilation and air conditioning components were procured in advance in 2022 and are now safely stored on the ECLAC compound for installation by the contractor.

(c) **Solar photovoltaic plant components.** The tendering exercise for detailed engineering, supply, installation and commissioning of the photovoltaic plant was successfully completed and a contract was awarded in May 2022 to a local solar engineering company.

(d) **Wastewater treatment plant and its components.** The contract was awarded in the last quarter of 2022 to a local company with vast experience in wastewater treatment technologies with the goal to establish a system that reduces water consumption and ensures sustainable and efficient water use at ECLAC. Progress is on schedule, including ongoing infrastructure works and equipment imports. The plant is expected to be implemented for pilot testing by the end of 2023, being fully operational in the commissioning phase of the main renovation works.

(e) **Site technical inspection consultancy.** A tendering process was awarded for on-site technical inspection services to perform a third-party construction inspection and validation of executed works which will be reported to ECLAC, according to the project's scope, schedule and contract. This process was awarded in May 2023, and the services are provided as construction works progress.

(f) **Additional swing space amenities.** As reported in the previous progress report and as part of the ECLAC swing space strategy, a 100 m² storage area in the main building's basement was temporarily converted into a workspace for videoconferencing network operations. The contract for refurbishing the area was awarded in August 2022 and the works were substantially completed in December 2022.

D. Local knowledge, lessons learned and locally sourced materials

29. Bidders were requested to include a strategic baseline in their interim and final technical proposals to promote local alternatives for construction materials, equipment or building processes that reduce the carbon footprint and enhance sustainability. Specific components, such as the incorporation of black slag in the concrete mix (scoriacrete) and thermo-acoustic insulation based on organic fibres were defined in the design. Bidders were also encouraged to propose additional sustainability-oriented alternatives for different project components.

30. The multistage request for proposals process explicitly included the Sustainable Development Goals that the project would contribute to. Thus, ECLAC emphasized its commitment to sustainability and encouraged bidders to align their proposals with the identified Goals. As a result, vendors reacted positively by presenting sustainable construction proposals that contained best practices to foster positive environmental and social outcomes.

31. In the context of the multistage request for proposals process, international and local construction companies, including participants of the Global Compact, recognized the importance of sustainable development and presented evidence that they have aligned their corporate objectives with the Sustainable Development Goals, as evidenced in their proposals. Bidders praised the Commission's project noting it contributed to a more sustainable future, established requirements that attract socially responsible bidders, enhanced contractor's reputation, and created new business opportunities locally and internationally by emphasizing the Goals, and the benefits of being part of the United Nations Global Marketplace.

32. Furthermore, the awarded contractor agreed to implement the project through sustainable construction methods and has committed to achieve carbon neutrality by 2030. The company has been measuring their carbon footprint since 2021 and in their technical proposal committed themselves to work towards this goal by promoting cooperation with local suppliers and environmentally certified providers.

E. Consultancy services

33. The lead consultancy firm actively supported the ECLAC project team during the multistage request for proposals exercise by providing information and suggestions on addressing bidder's technical inquiries. Additionally, the firm provided feedback and opinion for ECLAC regarding value engineering alternatives proposed by the bidders.

34. The ongoing contract of the lead consultancy firm includes providing construction supervision services, which involve clarifying or amending technical documentation as necessary to address actual site conditions. The services to be provided by the firm during construction are harmonized until substantial project completion with the main renovation works.

35. On behalf of the ECLAC project team, the site technical inspection consultancy firm conducts daily site inspections to assure site-safety and quality compliance of the implemented construction works. Also, the inspection determines the actual construction progress and supports the project team in verifying contractors' payment requests.

F. Planning and design activities

36. During the reporting period the following planning and design activities took place.

Technical documentation during the multistage request for proposals

37. The final technical proposal was structured in a way that facilitated a comprehensive understanding of the bidders' technical capabilities. It was important for ECLAC to verify that the bidder's construction methods addressed the complexity of the project's scope and objectives. For that purpose and during the review of the interim proposals, ECLAC informed the bidders about the items that would still need to be addressed in their final technical proposals. Technical requirements consisted of:

- (a) Construction management plans such as a project schedule, quality control method, and site recycling plans, among others;
- (b) Technical and operational approach towards construction, such as site mobilization and sequencing logistics, environmental and surroundings impact mitigation, and use of building information modelling methodology for construction works;
- (c) Construction site management including organizational chart, information about key personnel, and list of subcontractors;
- (d) Value engineering options to study their technical and economic viability;
- (e) Inclusive construction to address gender equality through encouraging the hiring of women for different on-site roles and implementing policies for equal treatment of personnel regarding family care responsibilities;
- (f) Transformative construction to promote productive and social engagement, considering procedures towards the donation of dismantled elements in good conditions for social, educational and community development purposes, fostering partnerships with non-governmental organizations or local social programs;
- (g) Sustainable construction to pursue sustainability and the use of local materials, reducing the carbon footprint of the construction process, and future building use. This includes promoting local alternatives for construction materials, equipment, and processes.

38. In collaboration with the lead consultancy firm, the project management team evaluated compliant value engineering alternatives during the interim proposal review and competitive dialogue process. The project management team assessed the feasibility of each value engineering proposal ensuring compliance with the project's scope. Similarly, value engineering assessment contributed effectively to facilitate cost-management strategies to avoid unforeseen escalations to the project. Thus, the project management team and the lead consultancy firm collaboratively identified opportunities for cost reductions while maintaining or enhancing the project's scope.

Seismic mitigation

39. The structural engineering design mentioned the previous report of the Secretary-General ([A/77/315](#), para. 39) incorporates structural reinforcement measures which adhere to Chilean seismic standard 433 and Supreme Decree No. 61 of 2011. In addition, the construction procedures involve site visits by the structural engineering firm ensuring compliance with the specified structural design

requirements for the renovation works, as well as assessing and monitoring the conditions of existing structures including those of the underground garage.

Workspace design criteria

40. The workspace design criteria remains as described in previous reports of the Secretary-General ([A/75/347](#), paras. 45–48; [A/76/323](#), paras 40–44; and [A/77/315](#), paras. 40 and 41) and it emphasizes on dynamic layout as well as mechanical systems ensuring air quality and space usage efficiency. Attention is given to furniture systems that allow multiple configurations of workspaces defined in the final design.

Safety and security

41. The North Building will meet the latest national and international fire protection codes. The Safety and Security Section at ECLAC will support the project team in verifying a compliant installation and integration of the fire protection systems.

G. Disability inclusion and physical accessibility

42. During the construction phase, the contractor will implement an inclusive and accessible design ensuring proper distancing measures and maintaining disability awareness through purpose-fit materials and equipment. Those efforts will align with the project's objectives and adhere to the guidelines specified in the Secretary-General's bulletin [ST/SGB/2014/3](#) on employment and accessibility for staff members with disabilities in the United Nations Secretariat, as well as the International Building Code and the Uniform Building Code. Furthermore, to assess the tangible progress of design implementation, the ECLAC working group on the disability inclusion strategy, CEPALDIS, will be invited to conduct site visits and provide valuable feedback.

H. Sustainability and energy efficiency

Photovoltaic plant

43. The solar photovoltaic plant components are stored at the ECLAC compound. Thus, the energy efficiency report remains unchanged as described in the previous progress report ([A/77/315](#)). Further energy efficiency data analysis will be reported as the photovoltaic plant enters operation upon the completion of the construction phase.

Wastewater treatment plant

44. To mitigate any delays in energy efficiency systems implementation, the wastewater treatment plant is currently under construction, as noted above in section C of the present report (para. 28 (d)). At the time of drafting, specialized equipment is being procured by the contractor and complementary piping works carried out. Completion of work is expected by the end of 2023, to commence pilot testing and proceed with a previously monitored full treatment capacity as the building is ready for use.

I. Status of construction efforts

Temporary locations

45. As reported in paragraphs 48 and 49 of the previous progress report (A/77/315), staff were relocated into temporary swing spaces across different facilities within the compound.

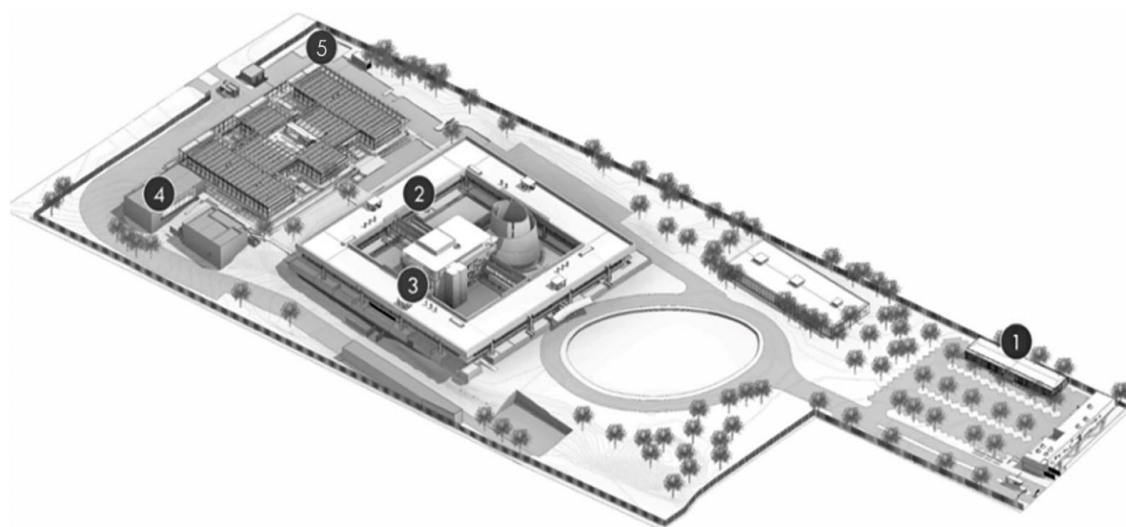
46. A temporary building (see reference 1 of figure IV) has been completed and commissioned as planned on the compound's south parking area, currently housing two substantive divisions with a revised capacity of 50 staff in an open workspace layout.

47. Temporary swing space within existing buildings such as in the printing building and other existing workshop rooms (see references 2 and 4 of figure IV) were also prepared with optimal working conditions, such as complete networking implementation and heating, ventilation and air conditioning arrangements.

48. The Video Conference Control Unit was given a 100 m² storage area located in the first basement of the main building (see reference 3 of figure IV), which was refurbished for that purpose. Completion and commissioning were performed during the last quarter of 2022.

Figure IV

Construction of the new North Building and locations of swing spaces



Notes: 1 temporary building; 2 workshop rooms; 3 Video Conference Control Unit storage area; 4 printing building; 5 new North Building.

General construction progress

49. The ground-breaking ceremony, held on 9 June 2023 marked the beginning of the main renovation works. Over 100 attendees, including the Executive Secretary of ECLAC, members of the lead consulting firm, representatives of civil society organizations, managers and workers of the construction and site technical inspection firms, ECLAC stakeholders and the project management team, were present. Speeches emphasized the importance of achieving the project objectives and embracing a sustainable, inclusive and transformative construction process.

50. The official handover of the site to the construction company took place on 19 June 2023, marking the beginning of the mobilization phase, as well as the site technical inspection consultancy services.

51. The contractor has considered a relevant presence of women on-site, surpassing local standards. The company declared a 17 per cent participation of women in their workforce and aims to further increase their presence, particularly during the execution of works for this project.

52. The building is being dismantled using the transformative construction principle, as specified in the technical proposal requirements set forth by ECLAC. The contractor also implements a corporate community outreach plan engaging with civil social organizations to donate good condition dismantled building components.

53. At the time of drafting the present report, construction progress is on schedule.

J. Project schedule updates

54. The start of the 18-month construction period leads to a completion and final commissioning by December 2024, in line with last the previous report.

55. The second phase of the procurement of furniture and items such as blinds and videoconference equipment, is scheduled for 2023 and 2024, without impacting the overall schedule.

56. Figure V below provides an updated project schedule indicating activities and adjustments relating to current and future project deliverables.

Figure V
Project schedule as at 31 July 2023

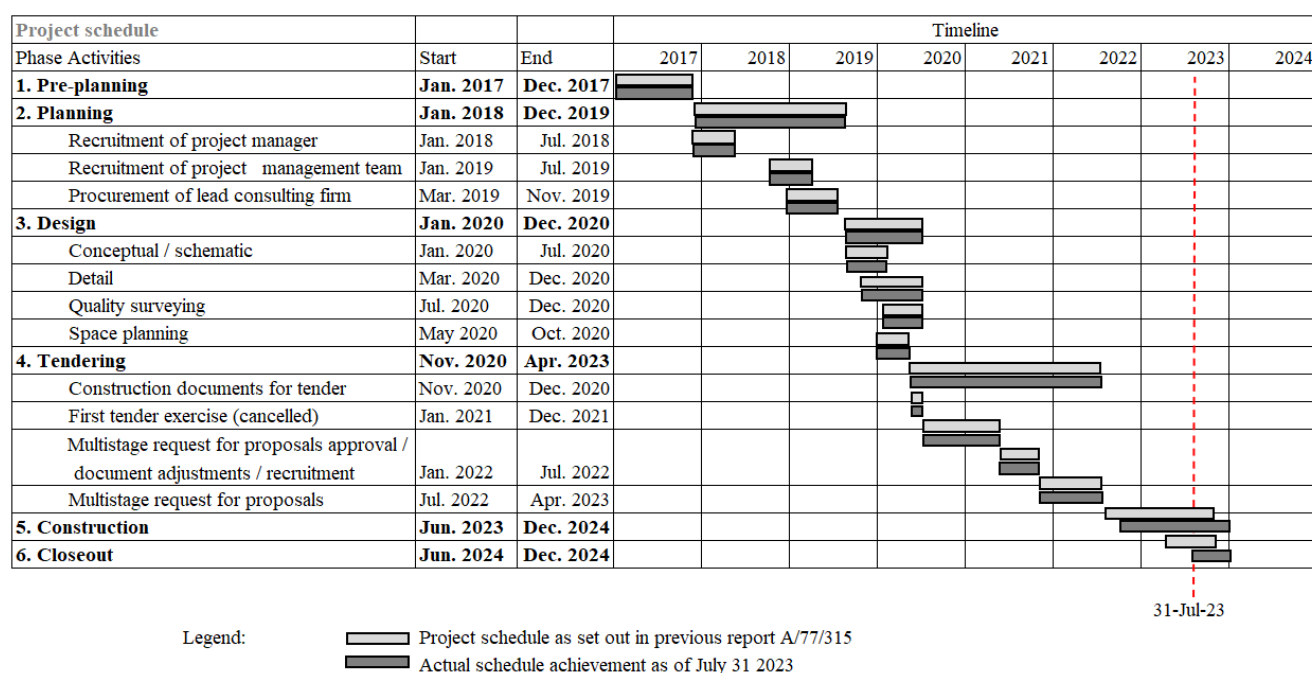


Table 3
Updated schedule

Phase/subphase	In current report		In previous report (A/77/315)		Change	Reasons
	Start	End	Start	End		
1. Pre-planning	Jan. 2017	Dec. 2017	Jan. 2017	Dec. 2017	No change	–
2. Planning	Jan. 2018	Dec. 2019	Jan. 2018	Dec. 2019	No change	–
(i) Recruitment of project manager	Jan. 2018	Jul.2018	Jan. 2018	Jul.2018	No change	–
(ii) Recruitment of project management team	Jan. 2019	Jul.2019	Jan. 2019	Jul.2019	No change	–
(iii) Procurement of lead consulting firm	Mar. 2019	Nov. 2019	Mar. 2019	Nov. 2019	No change	–
3. Design	Jan. 2020	Dec. 2020	Jan. 2020	Dec. 2020	No change	–
(i) Conceptual/schematic	Jan. 2020	Jul.2020	Jan. 2020	Jul.2020	No change	–
(ii) Detail	Mar. 2020	Dec. 2020	Mar. 2020	Dec. 2020	No change	–
(iii) Quantity surveying	Jan. 2020	Dec. 2020	Jan. 2020	Dec. 2020	No change	–
(iv) Space planning	May 2020	Oct. 2020	May 2020	Oct. 2020	No change	–
4. Tendering	Nov. 2020	Apr. 2023	Nov. 2020	Apr. 2023	No change	–
(i) Construction document for tender	Nov. 2020	Dec. 2020	Nov. 2020	Dec. 2020	No change	–
(ii) First tender exercise (cancelled)	Jan. 2021	Dec. 2021	Jan. 2021	Dec. 2021	No change	–
(iii) Multistage request for proposals approval/ document adjustments/ recruitment	Jan. 2022	Jun. 2022	–	–	–	–
(iv) Multistage request for proposals	Jun. 2022	Apr. 2023	Jun. 2022	Apr. 2023	–	–
5. Construction	Jun. 2023	Dec. 2024	Apr. 2023	Oct. 2024	Delay of 2 months to start date, 2 months change to end date	Actual construction commencement date according to official site handover
6. Closeout	Jun. 2024	Dec. 2024	Feb. 2024	Oct. 2024	Delay of 4 months to start date, and delay of 2 months to end date	New closeout commencement date according to the updated construction schedule as per contract

57. Measures to mitigate possible further delays include:

(a) The continuation of the advance-purchase strategy for the remaining furniture and heating, ventilation and air conditioning equipment, and maintenance of the current secure storage conditions until installation of already procured items.

(b) Timely processing of approved project's deliverables, payments, amendments, or variations

(c) The project team, supported by the site technical inspection, and the general contractor are regularly looking for efficiencies in the implementation of the construction works that could reduce as much as possible the estimated construction timeline and keeps the project schedule updated and maintained.

VI. Project expenditure and anticipated costs

A. Status of expenditures and projected expenditures up to the end of 2023

58. In its resolutions [72/262 A](#), [73/279 A](#), [74/263](#), [75/253 A](#), [76/246 A](#) and [77/263 A](#), the General Assembly appropriated a total amount of \$9,039,300 for the project for the period 2018–2023, including \$1,212,100 under section 21, Economic and social development in Latin America and the Caribbean and \$7,827,200 under section 33, Construction, alteration, improvement and major maintenance.

59. The status of expenditures as at 31 July 2023 and projected expenditures for the remainder of 2023 are provided in table 4. It is projected that a cumulative unused balance of \$1,853,900 will remain at the end of 2023.

60. Variances between the appropriation and the total projected expenditures for the period 2018–2023 result from: (a) additional resources required for the extension of the Procurement Officer (P-3) position up to December 2023; (b) lower than projected expenditures in consultancies, having already awarded the site technical inspection contract and finalized consultancies related to the tender process; (c) lower than expected use of the contingency provision.

Table 4

Status of expenditure as at 31 July 2023 and projection for the remainder of 2023

(Thousands of United States dollars)

	<i>Appropriation for the period 2018–2023</i>	<i>Cumulative expenditure as at 31 July 2023</i>	<i>Projected expenditure from 1 August to 31 December 2023</i>	<i>Total projected expenditure for 2018–2023</i>	<i>Projected unused balance at the end of 2023</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)=(b)+(c)</i>	<i>(e)=(a)-(d)</i>
Section 33, Construction, alteration, improvement and major maintenance					
2. Construction costs	5 361.2	823.5	4 537.7	5 361.2	–
3. Professional services	950.4	433.8	106.8	540.6	409.8
4. Escalation	900.3			–	900.3
5. Contingency	615.3			–	615.3
Subtotal, section 33	7 827.2	1 257.3	4 644.5	5 901.8	1 925.4

	<i>Appropriation for the period 2018–2023</i>	<i>Cumulative expenditure as at 31 July 2023</i>	<i>Projected expenditure from 1 August to 31 December 2023</i>	<i>Total projected expenditure for 2018–2023</i>	<i>Projected unused balance at the end of 2023</i>
	(a)	(b)	(c)	(d)=(b)+(c)	(e)=(a)-(d)
Section 21, Economic and social development in Latin America and the Caribbean					
1. Project management	1 212.1	1 114.1	169.5	1 283.6	(71.5)
Subtotal, section 21	1 212.1	1 114.1	169.5	1 283.6	(71.5)
Total	9 039.3	2 371.4	4 814.0	7 185.4	1 853.9

B. Resource requirements for 2024

61. Considering the contract and staff cost from the updated cost plan and the risks identified in the risks register, at the 80 per cent confidence level, the new overall maximum cost is now estimated at \$19,172,000, as shown in the revised cost plan in annex I to the present report, compared with \$14,330,200 previously approved. The resource requirements for 2024 are shown in table 5. The total projected expenditure for 2024 amounts to \$11,986,600 comprising:

(a) An amount of \$438,600 under section 21, Economic and social development in Latin America and the Caribbean, which would provide for the continuation of the project management team (1 National Professional Officer and 2 Local level positions), and the proposed continuation of the Procurement Officer (P-3) temporary position up to December 2024. In addition, resources would provide 25 per cent of the cost of one P-3 Project Coordinator at Headquarters for 2024, shared with the project to replace blocks A-J at the United Nations Office in Nairobi.

(b) An amount of \$11,548,000 under section 33, Construction, alteration, improvement, and major maintenance, for professional services, as well as resources for construction, remaining complementary purchases, construction supervision, the independent risk management firm, travel costs, and the provision of contingency in line with the most updated risk assessment exercise and the final contract amount

Table 5
Resource requirements in 2024

(Thousands of United States dollars)

	<i>Projected expenditure in 2024</i>	<i>Projected unused balance at the end of 2023</i>	<i>Net funding requirement in 2024</i>
	(a)	(b)	(c)=(a)-(b)
Section 33, Construction, alteration, improvement and major maintenance			
2. Construction costs	8 883.3	—	8 883.3
3. Professional services	337.6	409.8	(72.2)
4. Escalation	—	900.3	(900.3)
5. Contingency	2 327.1	615.3	1 711.8
Subtotal, section 33	11 548.0	1 925.4	9 622.6

	<i>Projected expenditure in 2024</i>	<i>Projected unused balance at the end of 2023</i>	<i>Net funding requirement in 2024</i>
	(a)	(b)	(c)=(a)-(b)
Section 21, Economic and social development in Latin America and the Caribbean			
1. Project management	438.6	(71.5)	510.1
Subtotal, section 21	438.6	(71.5)	510.1
Total	11 986.6	1 853.9	10 132.7

62. Since, in its resolution [73/279](#) A, the General Assembly approved the establishment of a multi-year construction-in-progress account for the project, the anticipated unused balance of \$1,853,900 at the end of 2023 will be carried forward and offset part of the resource requirement of \$11,986,600 for 2024. Consequently, the net resource requirements to be appropriated for 2024 amount to \$10,132,700 comprising: (a) \$510,100 under section 21, Economic and social development in Latin America and the Caribbean, and (b) \$9,622,600 under section 33, Construction, alteration, improvement, and major maintenance, of the proposed programme budget for 2024.

VII. Next steps

63. The actions to be undertaken during the forthcoming reporting period are as follows:

- (a) Maintain coordination meetings with the stakeholder's committee to advance the project in accordance with the updated schedule;
- (b) Conduct regular tracking and updating of the risk register to mitigate risks, escalating them as needed and tracking through to final sign-off;
- (c) Provide contract management support for the interrelated contracts involved in the execution phase until the completion of the construction and commissioning of the project;
- (d) Continue managing ongoing construction works and the related site technical inspection contract, assuring quality control, on-site safety and security, streamlined building information modelling and cost management and the compliance with an inclusive, transformative, and sustainable construction model, as described in Chapter V, section F.

VIII. Recommended actions to be taken by the General Assembly

64. The General Assembly is requested:

- (a) To take note of the present report of the Secretary-General;
- (b) To approve the revised estimated overall maximum cost of the project of \$19,172,000;
- (c) To approve the continuation of the temporary position of Procurement Officer (P-3) for the period from 1 January to 31 December 2024;
- (d) To appropriate an amount of \$10,132,700 for the project in 2024, comprising \$510,100 under section 21, Economic and social development in Latin America and the Caribbean, and \$9,622,600 under section 33, Construction, alteration, improvement, and major maintenance, of the proposed programme budget for 2024, which would represent a charge against the contingency fund.

Annex I

Revised cost plan

(Thousands of United States dollars)

	2018 ^a	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^b	2024	Total	Reported in A/77/315	Change
Section 21, Economic and social development in Latin America and the Caribbean										
1. Project management										
1.1 Dedicated project management team	40.0	154.9	196.6	213.2	284.1	394.8	403.6	1 687.2	1 403.6	283.6
1.2 Project Coordinator at Headquarters (25 per cent of costs, cost shared with the United Nations Office at Nairobi)	—	—	—	—	—	—	35.0	35.0	79.2	(44.2)
Subtotal, section 21	40.0	154.9	196.6	213.2	284.1	394.8	438.6	1 722.2	1 482.8	239.4^c
Section 33, Construction, alteration, improvement and major maintenance										
2. Construction costs										
2.1 Building costs	—	10.4	5.3	4.4	304.3	4 425.4	8 617.4	13 367.2	8 088.0	5 279.2 ^d
2.2 Swing space costs	—	—	—	78.3	337.0	—	—	415.3	415.3	—
2.3 Physical security system	—	—	—	—	—	196.1	265.9	462.0	462.0	—
3. Professional services										
3.1 Consultancy	—	6.1	130.3	142.5	46.3	77.8	303.1	706.1	914.1	(208.0) ^c
3.2 Risk management	36.4	16.5	14.5	14.5	14.5	14.5	14.5	125.4	200.0	(74.6) ^e
3.3 Travel costs	—	6.7	—	—	—	20.0	20.0	46.7	85.0	(38.3) ^e
4. Escalation	—	—	—	—	—	—	—	—	1 657.0	(1 657.0) ^f
5. Contingency	—	—	—	—	—	—	—	—	1 026.0	(1 026.0) ^f
6. P80 Contingency (Monte Carlo 2023)	—	—	—	—	—	—	2 327.1	2 327.1	—	2 327.1 ^g
Subtotal, section 33	36.4	39.7	150.1	239.7	702.1	4 733.8	11 548.0	17 449.8	12 847.4	4 602.4
Total	76.4	194.6	346.7	452.9	986.2	5 128.6	11 986.6	19 172.0	14 330.2	4 841.8

^a Reflects actual expenditure.^b Reflects actual expenditure as at 31 July 2023 and projections for the period from 1 August to 31 December 2023.^c Realignment of resources reflecting the latest needs of the project.^d Variance due to the escalation of construction costs above the original rate of 4.935 per cent, as described in Chapter B.^e Updated projections according to actual expenditure trends in risk management and lower travel costs due to restrictions in the pandemic.^f Escalation and contingency transferred to item 2.1, Building costs, to partially cover the cost of actual contract values.^g P80 value derived from the Monte Carlo simulation, as described in Section IV, Risk management.

Annex II

Cost plan evolution of resources

(Thousands of United States dollars)

	<i>Original cost estimate as reported in A/72/367 2017 (first reporting year)</i>	<i>Revised cost estimate as reported in A/73/351 2018 (second reporting year)</i>	<i>Revised cost estimate as reported in A/74/330 2019 (third reporting year)</i>	<i>Revised cost estimate as reported in A/75/347 2020 (fourth reporting year)</i>	<i>Revised cost estimate as reported in A/76/323 2021 (fifth reporting year)</i>	<i>Revised cost estimate as reported in A/77/315 2022 (sixth reporting year)</i>	<i>Revised cost estimate as reported in present report 2023 (seventh reporting year)</i>
Section 33, Construction, alteration, improvement and major maintenance							
1. Construction costs							
1.1 Building costs	8 532.0	6 318.0	6 318.0	6 318.0	6 318.0	6 318.0	11 246.7
1.1.1 Site mobilization	–	200.0	200.0	200.0	200.0	200.0	558.6
1.1.2 Foundations/basements (repairing existing structure)	–	40.0	40.0	40.0	40.0	40.0	236.3
1.1.3 Superstructure	–	160.0	160.0	160.0	160.0	160.0	622.7
1.1.4 Exterior closure	–	836.0	836.0	836.0	836.0	836.0	1 666.0
1.1.5 Roofing	–	850.0	850.0	850.0	850.0	850.0	895.2
1.1.6 Interior	–	1 140.0	1 140.0	1 140.0	1 140.0	1 140.0	2 600.9
1.1.7 Conveyor systems	–	400.0	400.0	400.0	400.0	400.0	459.6
1.1.8 Plumbing	–	400.0	400.0	400.0	400.0	400.0	286.3
1.1.9 Heating, ventilation and air conditioning	–	946.0	946.0	946.0	946.0	946.0	1 688.4
1.1.10 Electric	–	820.0	820.0	820.0	820.0	820.0	1 392.1
1.1.11 Furniture	–	526.0	526.0	526.0	526.0	526.0	840.6
1.2 Energy efficiency systems	–	1 770.0	1 770.0	1 770.0	1 770.0	1 770.0	2 120.5
1.2.1 Solar shading structure	–	420.0	420.0	420.0	420.0	420.0	1 324.1
1.2.2 Photovoltaic plant	–	900.0	900.0	900.0	900.0	900.0	269.1
1.2.3 Water treatment plant	–	300.0	300.0	300.0	300.0	300.0	106.1
1.2.4 Landscaping	–	150.0	150.0	150.0	150.0	150.0	421.2
1.3 Swing space costs	91.0	400.0	350.0	350.0	350.0	415.3	415.3
1.4 Physical security systems	–	462.0	462.0	462.0	462.0	462.0	462.0
2. Professional services	750.0	991.0	991.0	991.0	991.0	1 199.1	991.0
2.1 Consultancy	550.0	706.0	706.0	706.0	706.0	914.1	706.0
2.2 Risk management	200.0	200.0	200.0	200.0	200.0	200.0	125.4

	<i>Original cost estimate as reported in A/72/367 2017 (first reporting year)</i>	<i>Revised cost estimate as reported in A/73/351 2018 (second reporting year)</i>	<i>Revised cost estimate as reported in A/74/330 2019 (third reporting year)</i>	<i>Revised cost estimate as reported in A/75/347 2020 (fourth reporting year)</i>	<i>Revised cost estimate as reported in A/76/323 2021 (fifth reporting year)</i>	<i>Revised cost estimate as reported in A/77/315 2022 (sixth reporting year)</i>	<i>Revised cost estimate as reported in present report 2023 (seventh reporting year)</i>
2.3 Other services (travel costs)	—	85.0	85.0	85.0	85.0	85.0	46.7
3. Escalation	2 190.0	1 657.0	1 657.0	1 657.0	1 657.0	1 657.0	—
4. Contingency	1 124.0	1 091.3	1 091.3	1 091.3	1 091.3	1 026.0	2 327.1
Subtotal section 33	12 687.0	12 689.3	12 639.3	12 639.3	12 639.3	12 847.4	17 449.8
Section 21							
5. Project management							
5.1 Dedicated project management and support team	1 441.0	1 556.1	1 556.1	1 556.1	1 556.1	1 403.6	1 687.2
5.2 Project coordinator at Headquarters	—	134.8	134.8	134.8	134.8	79.2	35.0
Subtotal section 21	1 441.0	1 690.9	1 690.9	1 690.9	1 690.9	1 482.8	1 722.2
Total	14 128.0	14 380.2	14 330.2	14 330.2	14 330.2	14 330.2	19 172.0

Annex III

A. Monthly project expenditure as at 31 July 2023

(Thousands of United States dollars)

<i>Year</i>	<i>Category</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Category total</i>	<i>Annual total</i>	<i>Total expenditure 2018 to July 2023</i>
2018	Construction costs (section 33)	—	—	—	—	—	—	—	—	—	—	—	—	—	76.4	
	Professional services (section 33)	—	—	—	—	—	—	—	—	—	—	—	36.4	36.4		
	Project management (section 21)	—	—	—	—	—	—	—	—	10.3	10.2	9.8	9.7	40.0		
2019	Construction costs (section 33)	—	—	—	—	—	—	—	—	—	—	—	10.4	10.4	194.7	
	Professional services (section 33)	—	3.6	1.2	3.5	(0.4)	—	—	—	—	—	—	21.5	29.4		
	Project management (section 21)	—	—	—	—	19.7	9.5	9.9	9.6	21.5	15.5	14.4	54.8	154.9		
2020	Construction costs (section 33)	—	—	—	1.8	—	—	0.1	3.4	—	—	—	—	5.3	346.7	
	Professional services (section 33)	—	—	28.8	20.6	7.2	4.9	47.7	—	31.9	3.7	—	—	144.8		
	Project management (section 21)	17.5	15.7	16.1	14.9	15.1	15.5	15.8	17.0	16.6	16.6	17.0	18.8	196.6		
2021	Construction costs (section 33)	—	—	—	—	—	—	—	1.1	—	—	3.3	78.3	82.7	452.9	
	Professional services (section 33)	10.5	43.8	1.1	20.3	1.1	—	37.9	7.2	—	19.4	3.9	11.8	157.0		
	Project management (section 21)	17.3	15.5	20.1	18.4	19.0	18.3	18.3	12.7	19.7	17.0	17.1	19.8	213.2		
2022	Construction costs (section 33)	—	140.9	3.8	125.2	64.6	2.9	1.8	190.3	3.4	20.7	43.1	44.6	641.3	986.2	
	Professional services (section 33)	0.9	—	8.0	—	2.9	17.4	2.5	6.7	10.6	—	3.7	8.1	60.8		
	Project management (section 21)	18.4	19.0	19.0	18.9	17.8	18.5	33.1	27.2	26.8	26.5	30.1	28.8	284.1		
2023	Construction costs (section 33)	—	1.3	29.1	19.8	11.4	4.5	17.7	—	—	—	—	—	83.8	314.5	
	Professional services (section 33)	4.2	0.1	1.1	—	—	—	—	—	—	—	—	—	5.4		
	Project management (section 21)	30.7	30.2	32.3	33.4	32.9	32.7	33.1	—	—	—	—	—	225.3		

B. Total project expenditure by category as at 31 July 2023

<i>Category</i>	<i>Expenditure (thousands of United States dollars)</i>
Construction cost (section 33)	823.5
Professional services (section 33)	433.8
Project management (section 21)	1 114.1
Total	2 371.4

Annex IV

Use of the contingency provision

	<i>A/72/367</i>	<i>A/73/351</i>	<i>A/74/330</i>	<i>A/75/347</i>	<i>A/76/323</i>	<i>A/77/315</i>	<i>Current report</i>	<i>Total (thousands of United States dollars)</i>
Approved escalation provision	1 657.0							1 657.0
Drawdowns								
1. Construction costs overrun							(1 657.0)	(1 657.0)
Subtotal, escalation drawdowns								(1 657.0)
Total available escalation balance								–
Approved contingency provision	1 091.3							1 091.3
Drawdowns								
1. Additional expenditures for the implementation of the temporary building (Swing space)						(65.3)	–	(65.3)
2. Construction costs overrun							(1 026.0)	(1 026.0)
Subtotal, contingency drawdowns								(1 091.3)
Total approved contingency balance								–
P80 Contingency budget (Monte Carlo 2023)							2 327.1	2 327.1
Total available contingency budget								2 327.1

Annex V

Lessons learned by the Economic Commission for Latin America and the Caribbean during the multistage request for proposal exercise

During the execution of the North Building project, the Economic Commission for Latin America and the Caribbean (ECLAC) carried out procurement exercises for the main renovation works of the project through both a regular request for proposal and a multistage request for proposal. Below are key aspects that ECLAC identified during the procurement exercises that lead to their assessment that the multistage request for proposal was more beneficial.

(a) **Scale.** Medium to large scale construction projects, such as the North Building renovation at ECLAC, require extensive preliminary coordination during the tendering process, including factors like site logistics, mobilization processes, scheduling and suitability of corporate certifications. The construction companies involved in such projects should be highly qualified and capable of handling this early engagement. Throughout the tendering process, it is important to establish effective communication with bidders at different milestones to ensure that they fully understand the United Nation's site conditions, immunities, rules and regulations, as permitted by the multistage request for proposal methodology.

(b) **Complexity.** The multistage request for proposal method would be suitable for technology-oriented projects involving high innovation levels and envisioned sustainable construction methodologies. Such projects often require specific engineering solutions that go beyond the capabilities of a single construction company. Therefore, construction companies need to integrate a diverse range of subcontractors to address the extensive scope of work. By having a competitive dialogue instance, specialists from different disciplines can provide feedback and expertise, especially in rapidly evolving or non-standard areas of construction.

(c) **Budget implementation.** The cost implementation of a capital project emphasizes the importance of analysing the financial conditions of the entire construction ecosystem. It is crucial to understand the historical, present, and projected conditions of both local and global markets. This analysis helps in assessing the potential impact of price fluctuations, supply chain disruptive issues, or contractual nuances on the project's budget. By having a multistage request for proposal process with several stages and milestones, continuous and early risk assessments of the financial capacity and response of bidders can be performed. This minimizes the occurrence of unforeseen financial effects in the final proposals, such as cost overruns or proposal withdrawals.
